

STATE ADMINISTRATION

LEGISLATIVE/EXECUTIVE

This section includes the budgets of constitutional officers, the Legislature, and agency secretaries. Departments with reductions or augmentations other than normal operating expenses or elimination of vacant positions are highlighted.

0650 Office of Planning and Research

The Office of Planning and Research (OPR) provides policy research for the Governor on land-use, growth planning issues and California Environmental Quality Act provisions. The budget proposes total expenditures of \$54 million, of which \$4.2 million is from the General Fund. This budget includes federal funding of \$48.3 million for California's AmeriCorps program.

Issues

Cesar Chavez Day of Learning Grants. SB 984 (Polanco) of 2000 established Cesar Chavez Day as a state holiday for state employees and authorized school districts to establish a minimum day and provide one hour of instruction on the life of Cesar Chavez. The bill also appropriated annual grants of \$5 million to engage school pupils in community service on Cesar Chavez Day. The program serves more than 300 schools statewide.

The December Revision proposed that the \$5 million annual appropriation for Cesar Chavez Day of Learning Grants be reduced by \$4,750,000 in 2002-03. In addition, the budget proposes suspending the grants for the 2003-04 through 2005-06 fiscal years.

0860 State Board of Equalization

The State Board of Equalization (BOE), the Franchise Tax Board (FTB), and the Employment Development Department are the state's major tax collection agencies. BOE collects state and local sales and use taxes and a variety of business and excise taxes and fees, including those levied on gasoline and diesel fuel, alcoholic beverages and cigarettes, as well as others. BOE also assesses utility property for local property tax purposes, oversees the administration of the local property tax by county assessors, and serves as the appellate body to hear specified tax appeals, including FTB decisions under the personal income tax and bank and corporation tax laws. The budget includes \$321.4 million or 0.4 percent more than the current-year level.

Issues

Administration of the Cigarette and Tobacco Products Tax Program. The budget proposes to augment the budget to implement the pilot program in Chapter 881, Statutes of 2002, which requires BOE to replace the current cigarette stamps and meter impressions with encrypted stamps or meter impressions that can be read by a scanning or similar device. The budget includes \$294,000 (\$34,000 GF) in the current year for implementation costs and \$678,000 (\$77,000 GF) in the budget year for on-going costs.

-

0954 Scholarshare Investment Board**Issue**

The Governor's Merit Scholarships provide \$1,000 scholarship savings accounts to ninth through eleventh grade students based on their Stanford - 9 standardized test scores.

The Distinguished Math and Science Scholars Program provides \$2,500 scholarships to those students who qualify to receive the \$1,000 Governor's Merit Scholarships and who achieve the highest scores on advanced placement tests in calculus and either of the biology, chemistry or physics exams. Eligibility was expanded in 2001 to include students who took AP tests prior to January 1, 2000 and otherwise met test score criteria and those students who achieved equivalent levels on an International Baccalaureate test.

The budget proposes to appropriate \$15.4 million to fund grants for only the 11th grade students. The 9th and 10th grade students would receive their awards only after completion of the 11th grade. This proposal would result in savings of \$39.6 million in 2003-04.

STATE AND CONSUMER SERVICES AGENCY

This section includes the budgets of the Science Center; the Department of Consumer Affairs (including all bureaus, boards programs and divisions), Department of Fair Employment and Housing, Franchise Tax Board, Department of General Services, State Personnel Board, Public Employees' Retirement System, and State Teachers' Retirement System. Departments with reductions or augmentations other than normal operating expenses or elimination of vacant positions are highlighted.

1110 Department of Consumer Affairs

The Department of Consumer Affairs is responsible for promoting consumer protection while supporting a fair and competitive marketplace. The department serves as an umbrella for 18 semi-autonomous boards and 11 bureaus and programs that regulate over 180 professions. The 2003-04 budget for Consumer Affairs, boards, bureaus, and divisions totals \$337 million, which is less than one percent higher than the current year funding.

Bureau of Automotive Repair. The budget proposes 3.6 additional personnel years in the current year and 20.2 in the budget year for the implementation of the enhanced Smog Check

The budget proposes to transfer \$2.0 million in the current year and \$3.3 million in the budget year from the High Polluter Repair or Removal Account to the Vehicle Inspection Repair Fund to repay a loan provided from that fund in the 2001-02 fiscal year. The 2001-02 budget contained a transfer of \$50

million from the High Polluter Repair or Removal Account to the General Fund. The 2001-02 mid-year revision also transferred an additional \$44 million in 2001-02.

This has reduced expenditures for the Consumer Assistance Program that pays qualified consumers who voluntarily choose to retire their-high polluter vehicles. The program also pays a portion of the consumer's repair bill in order to bring a vehicle into compliance with the requirements of the Smog Check Program. Expenditures for this program were \$46.4 million in 2000-01 and \$31.9 million in 2001-02. The budget proposes to reduce expenditures to \$21.1 million in the current year and \$20.4 million in the budget year due to the transfer of the funds to the General Fund and the loan repayment.

Board of Architectural Examiners-Landscape. The budget proposes a loan of \$1 million from the California Board of Architectural Examiners-Landscape Architects Fund to the General Fund. This would leave a fund balance of \$525,000, or about 75 percent of the annual expenditures.

Board of Barbering and Cosmetology. Effective January 1, 2003 the Board of Barbering and Cosmetology replaces the Bureau of Barbering and Cosmetology. There is an augmentation of \$609,000 to automate written examinations for all license categories.

Contractors' State License Board. The budget proposes a loan of \$5 million from the Contractors' License Fund to the General Fund. The \$11 million current year loan has a repayment date of September 2003. This proposed loan and the repayment of the current year loan would leave a 2003-04 fund balance of \$10.7 million or about 23 percent of the annual expenditures.

Dental Board. The budget proposes a loan of \$5 million from the State Dentistry Fund to the General Fund, in addition to the current year loan of \$5 million approved in last year's budget. This proposed loan would leave a 2003-04 fund balance of \$1.7 million or about 24 percent of the annual expenditures.

Acupuncture Board. The budget proposes a loan of \$1 million from the Acupuncture Fund to the General Fund. This proposed loan would leave a 2003-04 fund balance of \$1.0 million or about 33 percent of the annual expenditures.

Court Reporters Board. The budget proposes a loan of \$1 million from the Court Reporters Fund to the General Fund. This proposed loan would leave a 2003-04 fund balance of \$551,000 or about 87 percent of the annual expenditures.

Board of Vocational Nursing and Psychiatric Technicians. The budget proposes a loan of \$1 million from the Vocational Nurse Examiners Fund to the General Fund. This proposed loan would leave a 2003-04 fund balance of \$1.8 million or about 42 percent of the annual expenditures.

The budget also proposes a loan of \$1 million from the Psychiatric Technicians Account Vocational Nurse and Psychiatric Technician Examiners Fund to the General Fund. This proposed loan would leave a 2003-04 fund balance of \$395,000 or about 33 percent of the annual expenditures.

Bureau of Security and Investigative Services. The budget proposes a loan of \$4 million from the Private Security Services Fund to the General Fund. This proposed loan would leave a 2003-04 fund balance of about \$2 million or about 28 percent of the annual expenditures.

1700 Department of Fair Employment and Housing

The objective of the Department of Fair Employment and Housing (DFEH) is to protect the people of California from unlawful discrimination in employment, housing, and public accommodations, and from the perpetration of acts of hate violence. The budget year expenditures are proposed at \$16.6 million (\$12.6 million GF), which is a decrease of 24 percent from the current year.

In the current-year, the mid-year revision proposed to revert \$837,000 and 9 PYs related to vacant positions. In addition, the department lost nine PYs and \$472,000 (\$361,000 GF) due to Control Section 31.60, which called for the abolition of vacant positions. The workload related to these positions was funded through a one-time federal funding augmentation of \$1.6 million.

The budget proposes to reduce the budget by an additional \$3.1 million (GF) and 45 PYs. This is a reduction of nearly one-fifth of the staffing of the department. This proposal would also result in the closure of two field offices and reductions in a third office. This reduction would result in a major increase in the number of backlogged housing cases.

1730 Franchise Tax Board

The Franchise Tax Board (FTB) administers the Personal Income Tax and the Bank and Corporation Tax Laws, and the Senior Homeowners and Renters' Assistance program. In addition, FTB provides processing services through contracts with other governmental agencies and performs audits and field investigations of campaign statements and lobbyist reports authorized by the Political Reform Act. The board began collecting delinquent child support payments under a permanent program last year. FTB is funded at \$445.2 million, of which \$402.8 million is General Fund. This amount is \$16.5 million or 3.5 percent less than budgeted in the current year.

Issues

Integrated Non-File Compliance (INC). The INC program pursues taxpayers that do not file returns, but have tax liabilities over \$200. These individuals have income subject to taxes that have not filed a tax return. Of the budget year reduction of \$16.5 million, \$11.8 million is due to completion of the Integrated Nonfiler Compliance Project. Thus, these savings are due to the completion of a limited-term program rather than a reduction in services.

E-File Tax Practitioner. FTB is proposing the implementation of a program to mandate e-file for tax professionals who handle a high volume of California tax returns (100 or more) and currently submit those returns on paper. The mandatory program would affect only PIT returns. This program would result in savings of \$1.4 million (GF) and 50.5 PYs. Tax practitioners filing returns for 100 or more taxpayers include about 10,000 of the 40,000 tax professionals who conduct business in California. These practitioners, however, prepare about 60 percent of the personal income tax returns filed.

The customer of a tax practitioner that prepares 100 or more tax returns would not have the choice of filing a hard copy of their return themselves.

This same proposal was rejected by the Legislature last year.

Augmentation for Implementation of City Business Tax Disclosure. The budget requests increased reimbursement authority of \$355,000 and 4.4 PYs to implement Chapter 915, Statutes of 2001 (AB 63, Cedillo), which authorized FTB to disclose confidential tax information to city business tax officials. These costs will be fully reimbursed by the cities that use the information.

The information is used by city tax officials to identify individuals that report business income on state returns but do not have an active city business license within their city jurisdictional boundaries.

A similar request for funding of this chaptered legislation was denied by the Legislature last year.

Political Reform Audit Program. The budget proposes to change the funding for the Political Reform Audit Program. Currently, this program is funded from the General Fund. The budget proposes to

establish a new special fund (the Political Reform Audit Fund) to cover expenses of compliance audits. This proposal would impose a fee on candidates filing for elected public offices, lobbyists, lobbying firms, lobbyist employers, and certain political committees for deposit in the newly established fund. The new fee is proposed to generate \$1.36 million to pay for the audit costs.

1760 Department of General Services

The Department of General Services (DGS) provides management review and support services to state departments. The DGS is responsible for the planning, acquisition, design, construction, maintenance, and operation of the state's office space and properties. It is also responsible for the procurement of materials, data processing services, communication, transportation, printing, and security.

The budget for DGS is proposed at \$837.1 million, of which \$3.0 million is General Fund. The total budget is about \$32 million or 3.7 percent less than in the current year. The General Fund support is reduced from \$110.2 million in 2001-02 and \$17.0 million in the current year to \$3.0 million in the budget year.

Issues

Rate Increase for the State Emergency Telephone Number Account (911 Account). The budget proposes an increase in the fee charged on intrastate calls from 0.72% to 1.00%. This will increase revenues to this account by \$46.6 million to a total of \$181.2 million. The increased revenues will be allocated to the following departments: a) CHP - \$41 million, b) Health Services - \$3.6 million, and c) Forestry and Fire Protection - \$2.6 million. These are funding shifts rather than new revenues for new programs.

1920 State Teachers' Retirement System (STRS)

The budget proposes to reduce the General Fund payment for teacher purchasing power maintenance by \$500 million in 2003-04. The proposal provides that the state would make a statutory commitment to restore the funds if purchasing power protection cannot be maintained at the 80 percent level through July 1, 2036. This action must be taken during the current fiscal year. The actuary for STRS has stated that the elimination of this payment would be actuarially unsound.

BUSINESS, TRANSPORTATION, AND HOUSING AGENCY

This section includes the budgets of the departments of Alcoholic Beverage Control, Financial Institutions, Corporations, Housing and Community Development, Office of Real Estate Appraisers, Real Estate, Transportation Commission, and Transportation. Departments with reductions or augmentations other than normal operating expenses or elimination of vacant positions are highlighted.

2180 Department of Corporations

The Department of Corporations administers and enforces state laws regulating securities, franchise investment, lenders, and fiduciaries. The budget is proposed at \$28.3 million (State Corporations Fund).

Issues

The budget proposes an increase of \$3.2 million and 28.5 positions to transfer the regulation, enforcement, administration, and spending authority of the Office of Real Estate Appraisers to the Department of Corporations.

2240 Department of Housing and Community Development

A primary objective of the Department of Housing and Community Development (HCD) is to expand housing opportunities for all Californians. The department administers housing finance, economic development, and rehabilitation programs with emphasis on meeting the shelter needs of low-income persons and families and other special need groups. It also administers and implements building codes, manages mobilehome registration and titling, and enforces construction standards for mobilehomes.

The HCD budget is proposed to increase from \$446.1 million in the current year to \$647.2 million in the budget year. The General Fund support in the current year is \$15.1 million and is proposed at \$13.4 million in the budget year. In 2001-02, the total budget for HCD was \$305.4 million, of which \$91.7 million was from the General Fund.

Issues

Proposition 46 (Housing and Emergency Shelter Trust Fund Act of 2002). This November 2002 bond measure authorized \$2.1 billion for various housing programs. Local project bond expenditures will be \$255 million in the current year and \$463 million in 2003-04. Projects are as follows:

LOCAL PROJECTS	In Millions	
	<u>2002-03</u>	<u>2003-04</u>
State and Local Homeownership Programs for Lower Income Families	\$59.1	\$107.6
Farmworker Housing Projects	25.0	64.7
Affordable Multifamily Rental Housing, Supportive Housing, Student Housing and Local Housing Trust Funds.	109.7	193.5
Homeless Shelters and Transitional Housing	31.0	31.0
Financial Incentives to Communities that Increase Housing Production	25.0	25.0
Downpayment Assistance For Communities that Reduce Barriers to Housing		24.0
Preservation of Affordable Low-Income Housing	4.8	17.2

Farmworker Housing Grants. The budget proposes reducing Farmworker Housing grants from \$17.6 million to \$14 million in the budget year.

Emergency Housing Assistance Grants. The Emergency Housing and Assistance Program (EHAP) provides capital grants and operating funds for emergency shelters, transitional housing, and services for

homeless individuals and families. Proposition 46 included \$195 million for this program, but the funds are restricted to capital grants to shelter providers. The funds in the budget are for operating costs, which cannot be funded from Proposition 46 bond funds.

In 2001-02, this program received \$13.3 million. In the current year, the December Revision proposed that the grant of \$5.3 million be reduced to \$4 million. The Senate and Assembly both rejected this proposed reduction. The budget proposes to continue funding in 2003-04 at the \$4 million level.

This program could not adequately fund programs when it was funded at \$13.3 million. There are requests totaling more than the \$5.3 million budgeted in the current year. A further reduction in this program will deprive homeless persons.

Housing Preservation Research Contract.

The budget proposes to eliminate funding in the current and budget year for a \$65,000 (GF) contract to maintain and update the statewide database on assisted housing units at risk of conversion. HCD proposed awarding the contract to the California Housing Partnership Corporation (CHPC) and CHPC has been doing work under the contract since July. The Senate rejected eliminated funding for this contract in the First Extraordinary Session. Eliminating funding for this contract would jeopardize state and local efforts to use bond funds dedicated to preserving at-risk housing developments.

2310 Office of Real Estate Appraisers

The Office of Real Estate Appraiser (OREA) administers a program for licensing of real estate appraisers in federally related loan transactions. The budget proposes to transfer the functions and \$3.3 million in funding for OREA to the Department of Corporations effective July 1, 2003. The Administration contends this will save \$150,000.

TECHNOLOGY, TRADE AND COMMERCE AGENCY

Managing the state's economic development efforts is the primary responsibility of the (TTCA). Its major programs are Economic Development, International Trade and Investment, Marketing and Communications and Tourism. The department also provides low-cost financing to public agencies for a variety of infrastructure and public improvements through the California Infrastructure and Economic Development Bank.

The TTCA budget for 2001-02 was \$184.1 million (\$71.9 million GF). The current year budget, adjusted for the December Revision, is budgeted at \$156.4 million. The Senate rejected the elimination of the Biomass Grants in the First Extraordinary Session, so the adjusted current year budget would be \$160.4 million (\$45.6 million). The budget year is proposed at \$108.6 million (\$21.4 million GF).

The 2002-03 budget for TTCA reduced by \$30 million, including an unallocated reduction of \$2 million to the foreign trade offices and an unallocated reduction of \$10 million to the department.

Issues

Manufacturing Technology Program (MTP). This program is intended to improve the competitiveness of California small- and medium-sized manufacturers to create and retain high-wage, high-skill jobs. California's public and private sectors invest in MTP to sustain the state's leadership role in

manufacturing through the formation of joint state/federal/academic/private sector partnerships that provide targeted solutions for industry needs. The program requires one-third federal/two-thirds other funding requirement.

This program was funded at \$2.7 million in 2002-03.

California Technology Investment Partnership (CalTIP). The budget proposes to eliminate funding for this program, which provides matching funds for federal grant money to small- and medium-sized businesses to assist in the development of marketable technologies. Grants are typically \$150,000 to \$200,000 and used to match federal funds, although matching funds can come from other sources including private funds. This program included funding of \$4 million in 2001-02 and \$3 million in 2002-03.

From 1993-94 through the 2001-02, the state has provided \$45.6 million (GF). The state investment has been matched by \$250.6 million in federal funds and \$249.6 million in private funds.

Film California First Program. The budget proposes to eliminate funding of \$2.1 million in the current year and \$1.8 million in the budget year for Film California First Program. This reduces the program from the 2001-02 level of \$12.9 million (GF) to \$11.0 million in the current year and \$11.2 million in the budget year.

Military Base Reuse and Retention Program. The budget proposes to eliminate funding for this program. This program was funded at \$1.9 million in 2001-02 and \$0.9 million in the current year. Funding for this program was reduced in the current year because the next round of base closures has been delayed to 2005.

Export Finance, Export Development, and Foreign Investment. The California Export Finance Office (CEFO) seeks to expand California employment and income opportunities by promoting increased exports of California goods and services, including agricultural commodities by providing California exporters, particularly small- and medium-sized manufacturers, exporters, and agricultural enterprises with information and technical assistance. Funding for this program and other global economic programs was reduced from \$9.3 million in the current year to \$5.4 million in the budget year.

Office of Tourism. The budget proposes to eliminate funding of \$7.5 million (GF) for the Agency's Tourism Division.

GENERAL GOVERNMENT

Departments with reductions or augmentations other than normal operating expenses or elimination of vacant positions are highlighted.

8260 California Arts Council

The California Arts Council (CAC) budget was funded at \$49.7 million in 2001-02 and \$21.5 million in the current year. Most of this reduction (\$20 million) was attributable to no funding provided for district-specific projects. In addition, local grants were reduced by \$9 million. The budget proposes expenditures of \$13.6 million in the budget year.

Issues

Arts in Education Program. Under the program, the state assists artists and arts organizations to enhance the capacity of California schools to teach the arts and to use the arts to teach other subject matters. The budget provided \$7.2 million (General Fund) in local augmentations for this program in the current year. The budget proposes to reduce this amount by \$2.7 million (40 percent) in the budget year.

Organization Support Grants. This program provides matching grants that leverage local private and public dollars for over 800 arts organizations throughout the state. This program was funded at \$10.9 million in 2001-02 and \$7.6 million in the current year. The budget proposes to reduce funding by \$3.0 million (40 percent) for funding of \$4.4 million in 2003-04.

8380 Department of Personnel Administration

The Department of Personnel Administration manages the nonmerit aspects of the State's personnel system.

Issues

Rural Health Care Equity Program. This program subsidizes additional health care costs for state employees and annuitants that live in areas with no managed care. The budget proposes to eliminate the program for annuitants for savings of \$11.5 million in the current and budget year. The program for state employees is subject to collective bargaining.

The Senate and Assembly both rejected the proposal to eliminate this funding in the current year in the First Extraordinary Session.

8885 Commission on State Mandates

The Commission on State Mandates is a quasi-judicial body that makes the initial determination of state mandated costs. Support costs for the department are proposed at \$1.3 million in 2003-04.

Issues

State Mandated Local Cost Reimbursement. The 2002-03 budget deferred payments to local governments for state-mandated local programs. The mandates are still in effect and the Constitution requires the state to reimburse local agencies for these costs including interest on the deferred amount. This deferral includes reimbursements for 2002-03 mandate claims, prior-year deficiencies, and newly identified mandate claims. The LAO estimates the state's costs to pay these deferred claims will total about \$800 million.

The proposed budget requests continued deferral of local reimbursement payments. The LAO estimates that the deferral of these payments will total \$1.2 billion at the end of the 2003-04 fiscal year. If these mandates are not suspended, the costs will continue to be a state obligation.

9100 Tax Relief

California offers a variety of tax relief programs by appropriating funds through a reduction in rates or nonrefundable tax credits. The state also provides the following tax relief through the appropriation of funds for payments to individuals or reimbursement of local agencies. Relief proposed in 2003-04 is \$1.6 billion, or 50.2 percent, less than the amount provided in 2002-03. This decline is due to the elimination of Open Space Subventions and the elimination of the general-purpose backfill to local governments of the Vehicle License Fee (VLF) offsets.

Summary of Expenditures (dollars in thousands)	2002-03	2003-04	\$ Change	% Change
Senior Citizens' Property Tax Deferral	\$12,800	\$11,900	-\$900	-7.0
Senior Citizens' Property Tax Assistance	36,501	37,961	1,460	4.0
Senior Citizen Renters' Tax Assistance	151,735	157,805	6,070	4.0
Homeowners' Property Tax Relief	414,213	419,600	5,387	1.3
Open Space Subventions	39,000	0	-39,000	-100.0
Substandard Housing	44	44	0	0.0
Vehicle License Fee Offset	2,585,291	987,014	-1,598,277	-61.8
State-Mandated Local Programs	3	3	0	0.0
Total	\$3,239,587	\$1,614,327	-\$1,625,260	-50.2

Issues

Vehicle License Fee Subventions to Cities and Counties. The budget proposes to eliminate the VLF backfill to cities and counties commencing in February 2003 for current year savings of \$1.3 billion and budget year savings of \$2.9 billion. The budget does not eliminate the backfill for county realignment funds or funds related to the Orange County bankruptcy. The Senate and Assembly both rejected the proposal to eliminate the current year VLF backfill in the First Extraordinary Session.

The budget does not propose increasing the VLF to ensure that both the state and local governments are held harmless. The Senate approved AB 1105 in August 2002 and AB 4 X in the First Extraordinary Session in 2003, which would have clarified the mechanism for reducing the VLF offset if there is a shortfall in General Fund revenues available to reimburse local governments. This would result in annual General Fund savings of approximately \$3.8 billion when there are insufficient General Fund revenues. The Governor stated that he would veto AB 4 X, but at the time this report was prepared that had not occurred.

Open Space Subventions. This program allows cities and counties to contract with landowners to limit the use of land to agricultural, scenic, and open space purposes. In exchange, these properties are assessed at other than market value based on their limited use. The budget proposes to eliminate subventions in the current year for savings of \$39 million (GF).

9210 Local Government

The Local Government Finance item proposes \$330 million in funding for local agencies. The state provides other assistance to local governments, primarily counties, through other direct programs budgeted in other items in the budget. Health and Human Services has numerous programs where the state and counties jointly provide funding for services. State funding is included in Public Safety for such issues as local crime labs and suppression of high intensity drug trafficking areas.

Summary of Expenditures (dollars in thousands)	2002-03	2003-04	\$ Change	% Change
High-Technology Grants for Local Law Enforcement	\$18,500	\$18,500	0	0.0
Reimbursement for Booking Fees	38,220	0	-38,220	-100.0
Property Tax Loan Program	51,500	60,000	8,500	16.5
Rural and Small County Law Enforcement	18,500	18,500	0	0.0
Citizens' Option for Public Safety (COPS)	232,600	232,600	0	0.0
Special Supplemental Subventions	1,400	0	-1,400	-100.0
State-Mandated Local Programs	0	0	0	0.0
Local Grants	750	850		
Total	\$361,470	\$330,450	-\$31,020	-8.6

Issues

Redevelopment Agencies. The budget proposes a transfer of \$250 million or the growth in property tax revenues for redevelopment agencies to ERAF in 2003-04. This would reduce General Fund appropriations to K-14 education by the same amount. This transfer is proposed to increase to the full amount of “diverted “ redevelopment agency property tax allocation (approximately \$1.3 billion) over time.

The budget also proposes a property tax transfer of \$500 million from the low and moderate income housing funds of local redevelopment agencies to ERAF in the current year. Redevelopment agencies (unlike cities, counties, and special districts) did not receive any state “bail-out” or property tax transfers from school districts as a result of the enactment of Proposition 13. The Senate rejected this proposal in the First Extraordinary Session.

Booking Fees. The budget proposes elimination of \$38.2 million (GF) in booking fee reimbursements in the budget year.

Funds for Counties for Administration of the Property Tax. The budget proposes funding of \$60 million to assist counties with the administration of the property tax. This program has traditionally resulted in expenditures of about \$51 million.

Citizens’ Option for Public Safety (COPS) and Juvenile Crime Prevention Programs. The COPS program funds local law enforcement, sheriffs’ departments for jail construction and operations, and district attorneys for prosecution. In 2000, this program was expanded to include funding for county juvenile crime prevention programs. Funding for this program is extended for one more year at the current-year level of \$232.6 million.

Technology Grants for Local Law Enforcement. The budget extends funding of \$18.5 in one-time funding for local law enforcement agencies to purchase high-technology equipment for crime prevention and suppression into 2003-04. This program was funded at \$35.4 million in 2001-02..

Rural and Small County Law Enforcement Grants. As part of the 2001-02 budget compromise, an annual appropriation of \$18.5 million was provided in statute to provide grants to county sheriffs in the 37 smallest counties. Each county received a grant of \$500,000.

9800 Augmentation for Employee Compensation

The budget proposes savings of \$855 million (\$470 million GF) for deferring scheduled salary increases, lowering or freezing future salary or benefit expenditures, layoffs, furloughs, and other similar personnel actions. Most of these savings are dependent upon collective bargaining agreements.